

STATE OF WASHINGTON



OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of )  
 )  
 RELIASTAR LIFE INSURANCE ) CONSENT AND ORDER  
 COMPANY, ) TO LEVY FINE  
 )  
 )  
 An Authorized Insurer. ) NO. D 01 – 36  
 )

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FINDINGS OF FACT:

1. Reliastar Life Insurance Company ("Reliastar") is an insurer authorized under RCW 48.05.030 to transact life insurance business in Washington State.
2. One of Reliastar's advertisements listed the company's ratings from advisory services Standard & Poor's (AA-), Moody's (A-1), A.M. Best (A), and Duff & Phelps (AA), without including any explanation that these were not the advisory services' highest ratings.
3. One of Reliastar's advertisements listed the company's A.M. Best's rating as "A" ("Excellent") without including any explanation that this was not the advisory service's highest rating.
4. Three of Reliastar's advertisements listed the company's assets without including a statement of the company's liabilities and surplus, rendering the advertisements misleading.
5. Eleven of Reliastar's advertisements listed the company's assets without including a statement of the company's liabilities or surplus, and the assets listed were actually consolidated assets belonging to the entire group of companies which are subsidiaries of the ReliaStar Financial Corporation, which made the advertisements misleading.
6. Reliastar issued six policies which were solicited by six agents who had not been appointed by the company prior to the solicitations.
7. Reliastar did not have a copy of the "Important Notice Regarding Replacement of Insurance" in thirty nine of the replacement policy files examined.
8. Reliastar had incorrect or incomplete "Important Notice Regarding Replacement of Insurance" copies in ten of the replacement policy files examined.

9. Three of the policy files examined where replacement policies had been purchased indicated that no replacement was involved.
10. Reliastar did not maintain a replacement register for annuities, cross indexed by replacing agent and existing insurer to be replaced.

## CONCLUSIONS OF LAW

1. Reliastar's listing in advertisements of its ratings from advisory services without explaining that they were not the highest ratings violated WAC 284-30-660
2. Reliastar's listing in advertisements of the company's assets without a corresponding statement of its liabilities rendered the advertisements misleading in violation of WAC 284-23-080.
3. Reliastar's listing in advertisements of the assets belonging to the entire group of companies which are subsidiaries of the ReliaStar Financial Corporation, rather than those of Reliastar Life Insurance Company alone, rendered the advertisements misleading in violation of WAC 284-23-080.
4. Reliastar's issuance of policies solicited by agents who were not appointed by the company violated RCW 48.17.160.
5. Reliastar's failure to have the "Important Notice Regarding Replacement of Insurance" form in the replacement policy files violated WAC 284-23-455.
6. Reliastar's failure to have complete and correct "Important Notice Regarding Replacement of Insurance" forms in the replacement policy files violated WAC 284-23-455.
7. Reliastar's failure to maintain a replacement register for annuities violated WAC 284-23-455.

## CONSENT TO ORDER

Reliastar Life Insurance Company hereby admits to the foregoing Findings of Fact and Conclusions of Law. Reliastar Life Insurance Company acknowledges its duty to comply fully with the applicable laws of the State of Washington.

The Commissioner has offered a settlement in lieu of suspending or revoking Reliastar Life Insurance Company's certificate of authority.

By agreement of the parties, the OIC will impose a fine of \$20,500 on Reliastar Life Insurance Company on condition that:

1. Reliastar Life Insurance Company pay \$20,500 of its fine within 30 days of the date of entry of this Order;
2. Reliastar Life Insurance Company implement and comply with all provisions of the Compliance Plan attached hereto as Exhibit 1.
3. Reliastar Life Insurance Company commit no further violations of the statutes and regulations that are the subject of this Consent Order for a period of eighteen months from the date on which this Order is entered. The OIC will not proceed against Reliastar Life Insurance Company's certificate should it commit isolated, de minimis, violations of the statutes and regulations that are the subject of this Consent Order during the suspense

period, as determined by the OIC. Reliastar Life Insurance Company commits to rectifying such violations promptly once they are discovered.

EXECUTED and AGREED this \_\_\_\_\_ day of \_\_\_\_\_, 2000.

RELIASTAR LIFE INSURANCE COMPANY

Title: \_\_\_\_\_

Signed: \_\_\_\_\_

#### ORDER

Pursuant to RCW 48.05.185, the Insurance Commissioner hereby imposes a fine of \$20,500 upon Reliastar Life Insurance Company. The fine must be paid in full within thirty days of the date of entry of this order. Failure to pay this portion of the fine and to comply with the stated Conditions shall constitute grounds for recovery of the full fine and for revocation of Reliastar Life Insurance Company's certificate of authority in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

ENTERED AT OLYMPIA, WASHINGTON, this \_\_\_\_\_ day of \_\_\_\_\_, 2001.

MIKE KREIDLER  
Insurance Commissioner

By: \_\_\_\_\_  
Carol Sureau  
Deputy Insurance Commissioner, Legal Affairs  
Office of the Insurance Commissioner